Design Sense
A MARKETING PUBLICATION 44 OF LIPPINCOTT & MARGULIES

CORPORATE TURNAROUND

The story of an auto producer, a food processor and an airline—three great comeback companies with designs on growth.

Are you an investor in America's future? Then perhaps you received, not long ago, an annual report carrying this message—

To Our Shareholders: The past year was the most successful one in the history of Chrysler Corporation...Sales totaled $4.3 billion, 22% above 1963...Net earnings were $213.8 million...compared with $161.6 million...Fourth-quarter 1964 sales and earnings exceeded any previous quarter in the company's 40-year history...The outlook for the continued growth of the world market for automotive products is good...We are confident that 1965 will be another year of progress for Chrysler. (Signed) Lynn A. Townsend, President.

Possibly you found this recent newspaper item of special interest—

Pet Milk Company posted record sales and earnings for the fiscal year ended March 31, Theodore R. Gamble, president, announced today. Earnings for the year were estimated at $3.30 per common share, an increase of 18 to 20 per cent from adjusted net of about $2.82 a share for fiscal 1964, he said...Sales of all eleven divisions were higher in the past year...The three newest divisions, acquired during 1964, all are running ahead of projections...Mr. Gamble forecasts continued gains in sales and earnings for fiscal 1966...

Or maybe it was this message, arriving at your door by air mail—

To the Stockholders: The year 1964 brought significant improvements in the fortunes of Eastern Air Lines...In March we ranked tenth among eleven trunklines in on-time performance. By September we were in first place...Service combined with a vigorous marketing and sales program produced revenue that exceeded preliminary forecasts by more than $11 million...17% above 1963... An operating profit of $3.5 million compares with an operating loss of $12.5 million for 1963...(Signed) F. D. Hall, President.

If you did find yourself on the receiving end of any of these striking year-end reports, you're a lucky investor—and a shrewd one. For you have been witness to, and part of, that most dramatic and rewarding event in business annals: the corporate turnaround.

Here are three of the blue-chip names in U.S. industry. Chrysler...Pet Milk...Eastern Air Lines. It would be difficult to find three great companies any more disparate in their activities. One, a world-wide producer of durable goods (cars and trucks, of course), ranks among the top ten manufacturers in the country. Another, no less world-renowned, is an older firm increasingly young at heart, a diversified processor of food. The third, relatively a newcomer to the front ranks of big business, has earned fame as a corporate pioneer in one of today's fastest-growing service industries, air transportation.

Yet the three have much in common. For one thing, all are engaged primarily in serving that most exacting of customers, the consumer. Here's another: until recently, the fortunes of all three were in decline—or, at best, growth had stalled. Now consider this. Each company recently brought to the summit dynamic new management. Messrs. Townsend, Gamble and Hall each determined to arrest the drift and turn his company around.

The goals were far-reaching. In every case, the aim was to scrap the fading corporate image and substitute—through better products and services, better methods and procedures, better planning and singular *style*—a corporate identity that said clearly: "We're going places!" To implement the new look and to communicate it effectively, each new president did something more. He called in our firm, Lippincott & Margulies, Inc. What were the results? As late reports indicate, the records still are being written. But the direction is apparent. Here, indeed, are three corporate turnarounds of spectacular proportions. More important, here can be found three designs for consistent and profitable growth in the years to come.

The Past as Prologue

The turnarounds vary as to dates and details because they took place over different periods and in different competitive surroundings.

Chrysler's operating and financial record had been a model of stability for decades. The corporation consistently maintained at least 20 per cent of the passenger-car market and second place among the industry's Big Three. Net profit margins (on sales) were above 5 per cent. But a 1951 profits slump, recalls Mr. Townsend, suddenly gave the "signal of trouble ahead." For the next ten years, Chrysler rode a financial roller coaster. Corporate earnings plunged into the red. Corporate volume plummeted to a poor third in the industry, seriously threatened by much smaller competitors. Corporate identity suffered worst of all. People were saying that Chrysler would never come back to its former strength; some said it couldn't come back at all. Chrysler had to do more than prove them wrong; it had to get the message across to its market, and fast.

During the 1950's, *Pet Milk's* fortunes also began to sour. Founded in 1885, it had built a hundred-million-dollar business on the strength of a single successful product: Pet Evaporated Milk. But times changed. After the depression and the war years, demand ebbed, as new competitive products nibbled away at Pet Milk's market. Though Pet remained a leading brand, 30 per cent of prewar canned milk volume simply vanished. The food company once famous for steady profits and growth suddenly became an up-and-downer, its earnings erratic. "We were poised on the brink," recalls a marketing man, "facing decline." Bluntly, Pet still was a one-product company — structurally, promotionally and philosophically old-fashioned. If profitable growth ever were to resume, drastic changes in its ways—a new outlook and a new *look*—were essential.

At *Eastern*, where governmental rate and route regulation tended to obscure the gathering clouds (and postpone the ill (effects operating revenues seemed to be flying high. Costs, however, were going up at a much faster rate. Hence, the operating ratio—the true altimeter of any transportation company—soared above the 95% danger point in 1957. With the introduction of widely heralded (but high-cost) shuttle service, it cracked through 100%—passing the point of no return. Net earnings turned to deficits. In 1961 and '62 alone, operating losses totaled a staggering $40 million. Strapped for working capital, its competition intensifying, Eastern's aging, propeller-driven fleet was deteriorating, its service going from bad to worse. By 1963, the airline had become, in the public's eye, a system grown old, unattractive and on the downgrade.

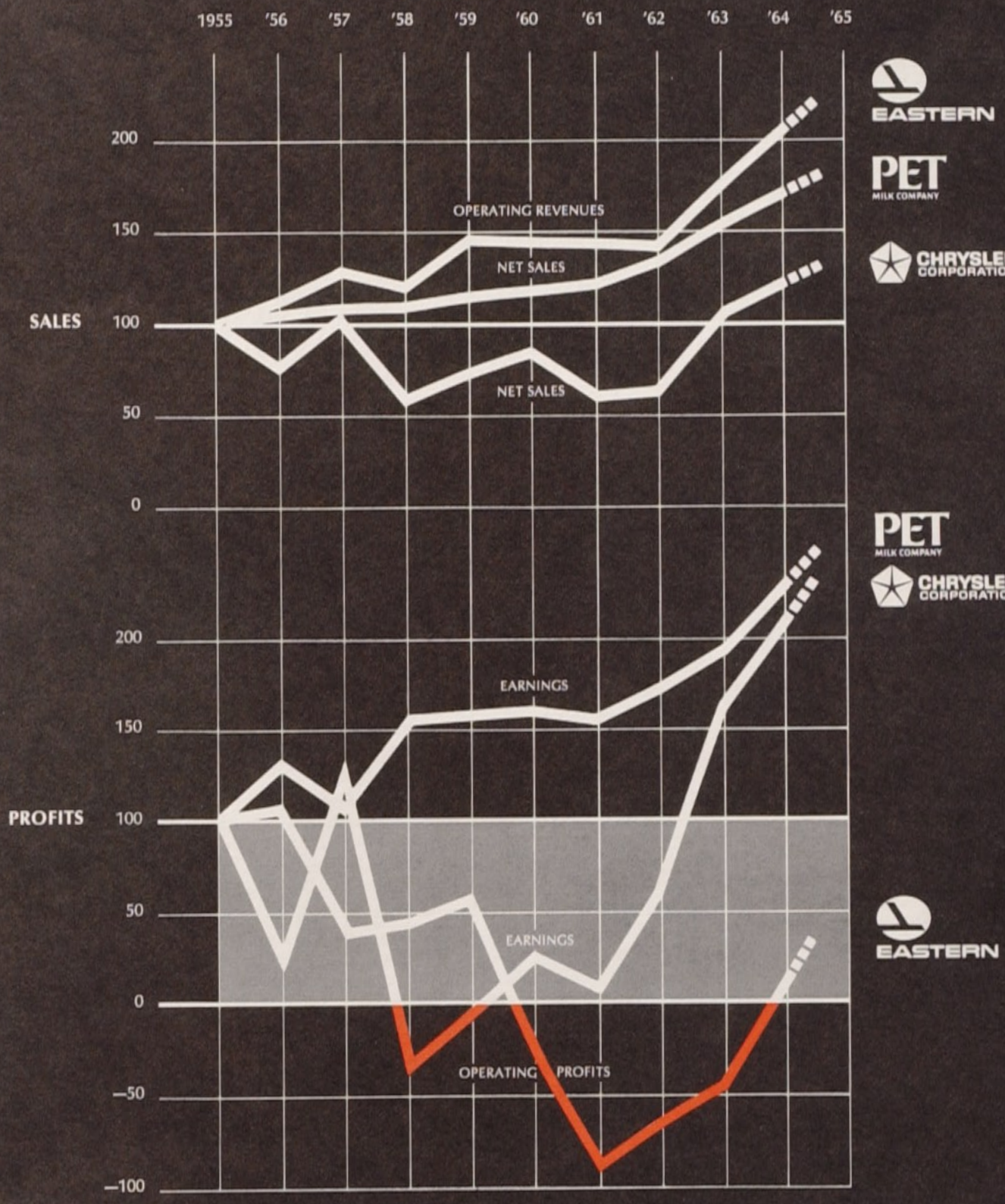
Frequently, a company suffering drift and decline may decide it needs new leadership and the benefits of a fresh perspective. The structure of management itself may be overhauled. As it happens, each of the three companies chose to make such a move. Each elevated a vigorous young executive to the presidency—the three men bear a striking resemblance to one another in background, experience and outlook (see page 5) and each man at once set out to revamp his team, its structure and the corporate financial and operating policies.

In *Chrysler's* case, Mr. Townsend and George H. Love, chairman of the board, retained several key executives while promoting a number of younger men to high responsibility. At the same time, the central management function was strengthened. Through introduction of advanced, highly refined reporting techniques, operating results throughout the vast corporation were flashed daily to headquarters. Responsibility was fixed precisely, up and down the line, and at staff level; cost and profit accountability was assigned directly on each operation. The result, as the new president noted: "A high degree of flexibility and precision in decision-making procedures, a healthy balance between centralized policy-making and decentralized execution." Most of the new men were in their forties. "We are," said Mr. Townsend, "lean and fast-moving."

Pet Milk's Gamble could be more deliberate in achieving the same result, noting that the management team he had inherited "represents an unusual balance of youth and experience." Through subsequent retirements, a strengthening of the corporate staff and an expansion of operating responsibilities, this youthful-yet-veteran look became even more pronounced in Pet's deepening top echelons. The diversification program soon to be launched put a high premium on the versatility of the team as well. One executive could and did swap his

SIX WAYS TO DESIGN A TURNAROUND

(INDEX: 1955 = 100)



duties for those of another. "Our greatest asset," a veteran officer said, "is the quality and dedication of our top people." This teamwork enabled Mr. Gamble to guide Pet through radical but requisite adjustments without losing a day for lack of coordination between divisional and central-management operations.

Eastern's leadership saw the most drastic changes. The transition to what new president Hall called "an urgently needed new management organization" took place almost overnight. Key vice presidents were recruited from top posts around the industry. Some veteran management people also were retrained—but old hands and new were regrouped by talent and experience into new team units. The revised set-up, said Mr. Hall, "Places the responsibility for planning on a revised and structurally simplified corporate staff, that for day-to-day operation of the airline and for greatly strengthened financial administration on each of two new senior vice presidents . . . Under an objective program of 'total marketing,' Eastern's routes are being analyzed to define the markets with the greatest profit potential . . ." Less than a year together, Mr. Hall's team already is moving like a precision drill squad.

The Turnarounds

With corporate structures streamlined and new talent all in place, it was time for each president to take stock of where his company was going and how it proposed to get there. For aggressive, imaginative men such as these, the goals were clear: profitable growth, supported by rigorous cost controls, day-to-day business sense, painstaking marketing strategy, effective integration of corporate activities.

But equally as important was another question: how to alert the outside world that a turnaround indeed was in progress? Results *sooner or later* would speak for themselves. But the exciting internal changes now taking place were not yet on public view, and Chrysler, Pet Milk and Eastern needed to put on new faces at once. How could the old corporate images be scrapped and replaced by identities which accurately, yet dynamically, reflected what was happening?

All three came up with the same answer. Even as they had sought and found the right men for the management jobs—in finance, operations and marketing—now they sought expert professional help in developing and implementing effective programs of *corporate identity*. Here at Lippincott & Margulies, we're not a bit shy about admitting that each of the three elected to come to us.

Let's see what happened, then—first, behind-the-scenes, and then in terms of the reshaping of three corporate identities. At *Chrysler*, the No. 1 objective was stability —essential to a business in which hundreds of millions of dollars must be committed years in advance of any direct return. To regain stability, Mr. Townsend focused the attention of his management team on three vital areas: (1) financial controls; (2) product-planning and marketing; and (3) sound, aggressive investment.

The institution of controls bore fruit almost at once. Though sales remained depressed in 1961 and '62, the new techniques clearly identified out-of-line costs, putting '61 earnings in the black and boosting '62 net to a five-year high. Maintained at every level of activity, the controls now are drafted years in advance, monitored throughout the preproduction period, refined as the assembly-line stage is reached; they evolve into profit budgets for the year in which automobiles go to market. Performance is measured daily, deviations corrected immediately—and profit margins, as a result, today are constantly improving.

Product-planning and marketing strategy received the same attention. Extensive consumer research told Chrysler what new-car buyers want: a wide choice of models, a high level of reliability, and styling that combined simplicity with year-to-year continuity. Chrysler Corp.'s striking '63 line was the first to be planned accordingly. What's more, the company played to its recognized strength: engineering excellence. Introduced was the sensational 5-year-or-50,000-mile warranty on power-train components. Further, a full-scale program was launched to strengthen the dealer system. Marketing results exceeded Chrysler's fondest hopes. Dealer volume rose 40% in the '63 campaign—and in markets where Chrysler had provided special support, the surge was over 100%. In 1964, corporate-wide sales shot up another 19%, to more than 1,800,000 cars and trucks—surpassing all goals, the company's best year ever.

Finally, the Townsend team laid plans for a massive investment program. In the previous decade Chrysler had budgeted a total of $700 million for new and modernized plants, nearly all in the U.S. Now its eye was on foreign markets as well: France's Simca line was acquired and consolidated in corporate operations. Around the world, annual capital expenditures rose to $313 million in 1964. This year and next, another half-billion will be spent to continue this program.

That's the story, in brief, of Chrysler's ascendancy. Meanwhile, what about the Chrysler corporate identity?

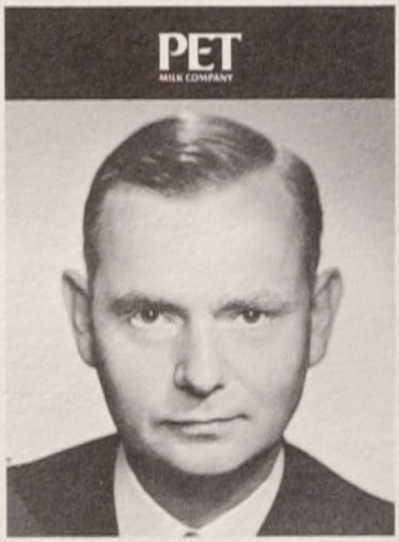
L&M Leaves Its Mark: I—
In Chrysler's sparkling image, a Pentastar is born.

Lippincott & Margulies had started work on the project in 1961. For months, design and marketing teams studied every aspect of Chrysler's communications system—every sensory impression created by the company, from corporate letterheads and advertising campaigns through dealer showrooms and even factory water towers. Then the L&M teams sat down to create a new graphic design for a Chrysler Corp. signature. Its purposes: to unify the entire company in the public eye, to symbolize and project the new Chrysler look, and, not least, to help sell cars.

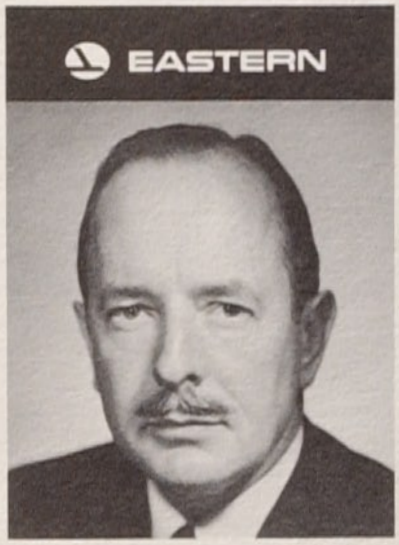
Out of this creative effort came the Pentastar—the crisp, classic emblem by which the corporation, its dealers and products today are instantly recognized the world over. The Pentastar fulfilled Chrysler's aims exactly. Precise in design, it creates an impression of engineering excellence, that quality which consumers traditionally have identified with Chrysler products; bold in impact, it conveys an image of strength and integrity. Not least, it gives the Chrysler Corporation a distinctive signature —one which distinguishes the parent company from the

THREE FOR THE MONEY ..."A concept of professional management"

LYNN ALFRED TOWNSEND was a lad of five, growing up in Michigan, the year Chrysler Corporation was organized. By 1941, he had married a Detroit girl (they have three sons) earned his master's degree in business administration at the University of Michigan and began his career in the accounting profession. After time out for World War II (as disbursing officer aboard the carrier *Hornet*), he returned to Detroit as supervising accountant with the firm of Touche, Ross, Bailey & Smart, national accountants for Chrysler. He was asked to join the automobile company as comptroller in 1957, subsequently rising to group vice president for international operations and, in 1960, to administrative vice president. On July 27, 1961, at the age of 42, he was elected the president of Chrysler Corp. Veteran of both finance and the auto industry, Mr. Townsend knows well the impact and promise of automation. Recently he outlined his views before the Financial Executives Institute in New York City: "The information revolution has helped to liberate the managerial mind . . . We are going to be presented with far more exciting opportunities than were ever enjoyed by any previous generation of businessmen. I say let's make the most of them." Mr. Townsend, for his part, is doing just that. Recently, to finance an unprecedented round of expansion, Chrysler Corp. completed a $260,000,000 sale of stock to shareholders — the second-largest underwritten rights offering in Wall Street history.



THEODORE ROBERT GAMBLE was born in St. Louis in 1924, a grandson of the founder of Pet Milk Company. After a three-year stint as a Naval officer, the Purdue University graduate earned his master's (in business administration) at Harvard, and, in 1949, joined the company's St. Louis headquarters office as accountant. Marrying a Wisconsin girl in 1951 (they have a son), he was named Pet's assistant general manager in that year and, in 1954, vice president and assistant to the president. He became executive vice president in 1958; a year later, at 35, he was elected president and chief executive officer.
An active civic leader in St. Louis, Mr. Gamble last fall addressed a food industry convention at San Juan on management's widening responsibilities. Explaining his own role he said: "Ten years ago I was a career-only man. I had no time to be bothered by 'external' problems. I still haven't the time, but now I am making it. . . . Why? I like my work too much. I owe my industry too much. I believe in a democratic, freedom-oriented society and economy too much to let them go down the drain." Mr. Gamble fits deeds to his words. Elected this year to the board of Eastern Air Lines, he recently was invited by the National Aeronautics & Space Administration, along with eighteen other top businessmen, to attend a briefing and offer critical comment on the nation's lunar-landing programs at the U.S. Space Center in Houston.



FLOYD D. HALL, a native of Lamar, Colorado, was a two-year-old toddler at the time Eddie Rickenbacker was making headlines as America's premier ace of World War I. Years later, as Rickenbacker launched Eastern Air Lines, young Hall took off on a similar career. Graduated from the University of Colorado in 1938, he was married the following year (the Halls have two daughters), completed graduate studies at Michigan and U.C.L.A., won his wings (at an Air Corps training school) and joined Trans World Airlines as a pilot in 1940. After four years' active duty as an Air Corps aviator, Col. Hall returned to T.W.A. in 1946 and, by 1957, had risen to executive status as general manager of U.S. operations. In 1961 he became senior vice president and director, and on December 16, 1963, at 47, he resigned to take the controls of Eastern as president and chief executive officer.
With a pilot's directness, Mr. Hall, in a recent address before the New York Society of Security Analysts, expressed the new Eastern philosophy: "We believe in a concept of professional management . . . well-schooled in the art of getting things done, with broad knowledge of the tools that can be used . . . management that shapes the destiny of the company because *it makes things happen.*" In a few short months, Mr. Hall has made things happen at Eastern. On that same evening, he detailed for the security analysts the most ambitious program of refinancing and jet-equipment purchasing in airline history.

famous Chrysler automobile brand and enables Chrysler Corp. effectively to endorse all of its consumer brand names.

Combined with a striking logotype of the corporate name, the entire signature set off by a color motif dominated by the distinctive "Chrysler blue," the new mark superceded all others then in use throughout the company. It appeared in all media of visual communications—divisional as well as corporate advertising, signage at corporate facilities and at dealer shops, product packaging, rolling stock (fleet of 1200 trucks), reports, publications, correspondence (internal and external alike)—and, far from least, on the water towers too.

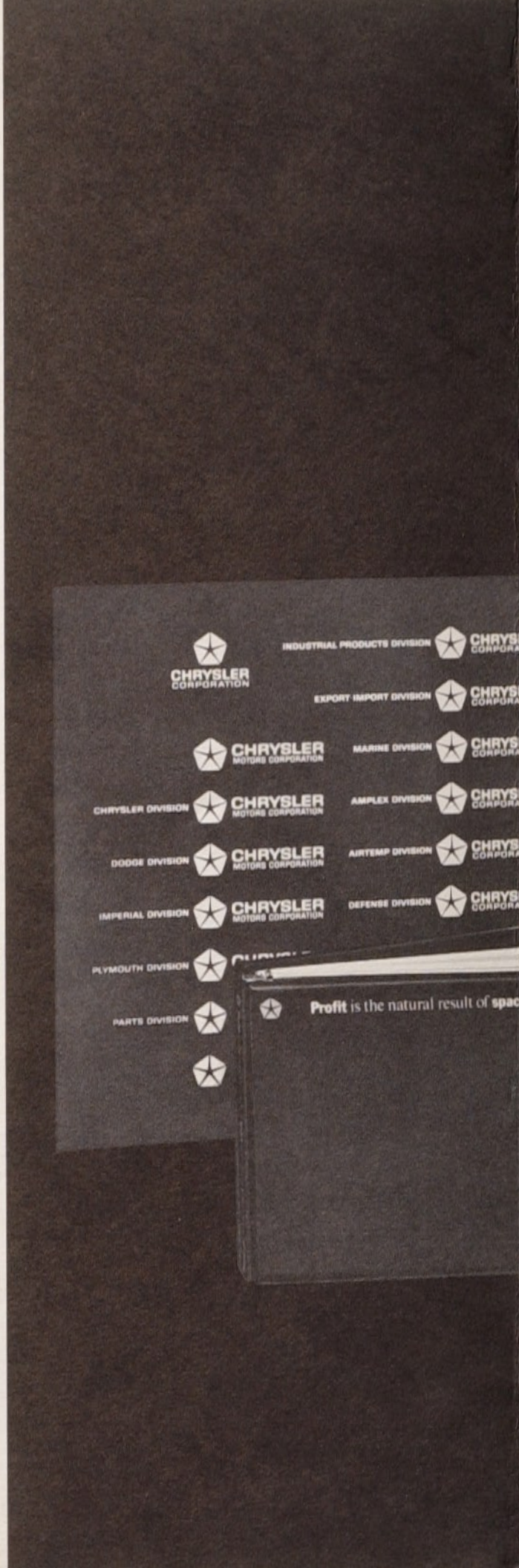
The methods for using the mark were spelled out in detail by L&M's staff in two profusely illustrated reference manuals. The Corporate Identification Manual, distributed to several hundred key Chrysler personnel, and agencies, explained the rationale behind the new Pentastar and logotype and prescribed exactly how the mark was to be reproduced. The Dealership Facilities Manual —a combined Chrysler and L&M effort, reflecting a further extensive study of Chrysler's retailing operations—carried similar information for dealer application, and also showed how dealers could improve functional as well as visual space-utilization in showrooms, service and storage areas.

In an unprecedented policy action, Mr. Townsend, stating that "the function of our corporate identity system is to influence constructively the image of Chrysler as a corporation," created a Corporate Identity Office at Detroit headquarters, thus speeding full implementation of the program and giving it the impress of top-level authority as well. Simultaneously, an L&M design team was dispatched to Detroit to provide technical assistance, and it has been on the job ever since.

"The Pentastar," program director F. E. Cogsdill has said, "is the major element in our corporate identity system." The mark, already ranking with the best-known trade emblems in the free world, has communicated—and in itself contributed strongly to—the Chrysler Corporation turnaround.

The resurgence of *Pet Milk Company* followed a different pattern. Back in 1959, Theodore Gamble set forth the corporation's objectives in a "Blueprint for Progress." The statement itself has become almost a classic manifesto in business literature, "We are proud of having founded the evaporated milk industry," Mr. Gamble wrote, "but we are more interested in looking forward than we are in proudly reviewing the past." The goals of this "new" Pet Milk Company: "Our management has recognized that expansion and diversification are indispensable to a successful future in the food industry. This means growth in our present product lines as well as adding to the variety of products."

At the time, Pet Milk was a company with annual sales of $180 million, a regional dairy business and three national product brands—Pet-Ritz Frozen Pies, Pet Instant Nonfat Dry Milk and the dominant Pet Evaporated Milk. That was six years ago. Today Pet Milk is grossing revenues at an annual rate over $350 million, and boasts



Dodge Cars
Dodge
Dodge Trucks
OTORS
INSURED
OWNERSHIP
PLAN
Authorized Representative
Insured Ownership Plan
Car Financing. Damage Insurance. Life Insurance
CHRYSLER
What's behind this fresh new face?
CHRYSLER CORPORATION
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used according to sound planning.
Man is a challenge—the biggest one we face.
CHRYSLER CORPORATION
Dependable
USED CARS
Top Quality
USED CARS
Airtemp
NEERED BY
CHRYSLER
CORPORATION
CHRYSLER CORPORATION
CORPORATE IDENTIFICATION MANUAL

a line of nationally known brands that can swamp a supermarket: Downyflake pre-frozen waffles, Funsten pecans, Laura Scudder's potato chips, Sego liquid diet food, Musselman's apple sauce, Whitman's Sampler chocolates, Pet Formula Nursers (pre-filled, pre-sterilized disposable baby bottles), Big Shot chocolate syrup, BC fruit juices, Reese Finer Foods (imported cheeses) and even Stuckey's, a chain of roadside stores and snack bars in twenty-seven states. All told, to its three former operating divisions (plus a corporate division) Pet added seven more, each the producer and marketer of a clearly defined line of products.

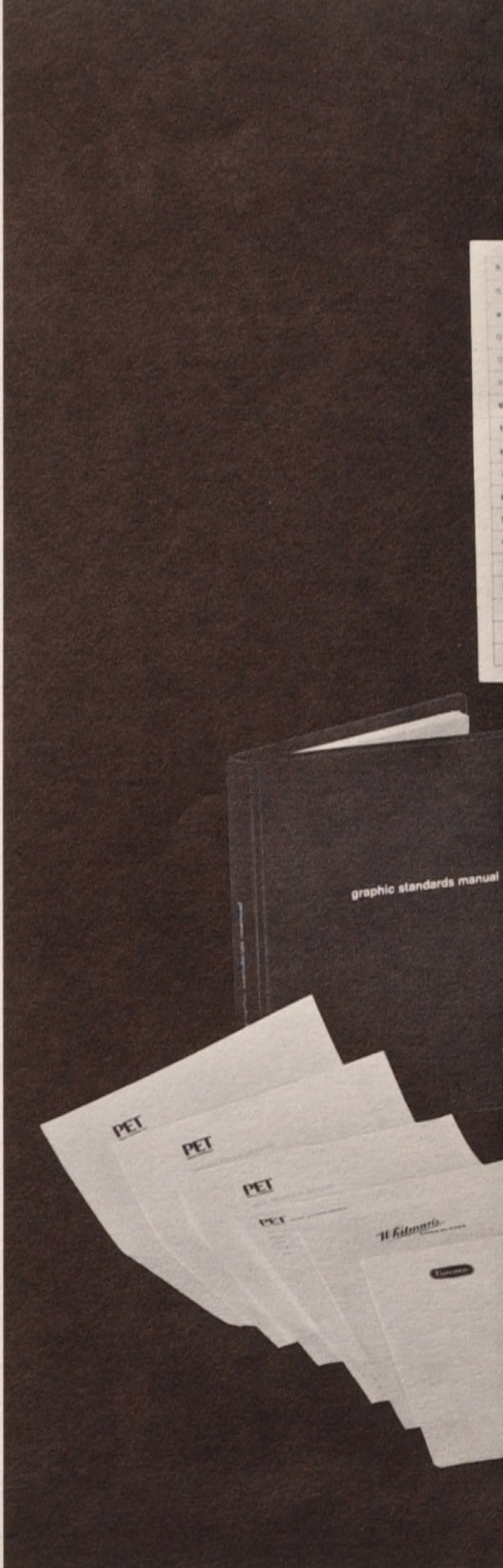
As the product mix proliferated and the corporate structure grew, Pet's young management team worked overtime to keep profits from being diluted. The record has been remarkable. The recently reported year-end fiscal results showed both sales and earnings at all-time record highs. To salve the last of the growing pains, Mr. Gamble noted that the company now expects to concentrate on further consolidations of existing activities; the growth emphasis, for the time being, will be switched to more new products generated from within.

Meanwhile, what had all this done for Pet Milk's corporate identity? The answer is that until two years ago it was becoming fuzzier than ever. For three-quarters of a century, "Pet Milk" stood for one product. Now the trade, consumers, Wall Street and Pet's own employees were being asked to associate "Pet Milk" not only with growth, but with a mouthful of other assorted brand names, most of which long had enjoyed nationwide popularity of their own. This, essentially, was the problem Pet brought to Lippincott & Margulies in 1961.

L&M Leaves its Mark: II—
Pet learns how to sign its famous name.

Early that year, a management committee had probed deeply into the company's own psyche. They sought to define the kind of identity the company wanted, consistent with the goals outlined in the Gamble blueprint. Should the corporate name be retained? Should it be pruned to just "Pet," or changed to the more general "Pet Food" (in either case perhaps risking confusion over what its business really was)? Should the new divisions drop their own brand names and sell their products only under the "Pet" label? Alternatively, should Pet Milk follow, in Madison Avenue jargon, the Procter & Gamble model or that of Heinz—that is, give every established brand name total autonomy or shelter them all under the umbrella of a "Pet" association, while retaining some individuality.

The Pet committee decided that while "Evaporated Milk" had little magic left for modern consumers, too much money had been invested over the years in establishing "Pet Milk" as both a concept and a commodity to be discarded lightly. At that point, Lippincott & Margulies was assigned "to study all pertinent phases of (Pet's) visual identification and develop recommendations for appropriate unification." Design and marketing experts at once embarked on a two-year, in-depth study of consumer attitudes. The clear-cut response: Pet Milk Company stood for stability, bigness, compe-



PET
MILK COMPANY
Look what's happened at Pet in the last five years
PET
MILK COMPANY
PET
PREPARED ESPECIALLY FOR THE FOOD SERVICE INDUSTRY
Baking Directions
Pet-Ritz IMPERIAL
PEACH PIE
Pet-Ritz IMPERIAL
big shot
CHOCOLATE
NEW PET please
Funsten
Funsten
Funsten
FLAT BED CAN VAN
PET
MILK COMPANY
Side View
PET
MILK PRODUCTS DIVISION
PET
Front View
PET

tence, quality, and, somewhat more moderately, progressiveness; at the same time, a number of consumers felt that the company "lacked modernity."

That settled most doubts about the corporate name. More to the point, the study revealed that the name "Pet," when added to food products having at least some compatibility, added measurably to their acceptance. In a specific case, Pet's own brand-new, yet already successful, Sego liquid diet—when shown with and without a "Made by Pet Milk Co." label—got 50% more favorable response when it was clearly identified with the company that "lacked modernity"! That took care of any other doubts about *how to use* the name.

With the findings in hand, L&M set about designing a corporate signature and a program for implementing it that would stress these positive traits while projecting the company's dynamic new character. Industrial designers produced a deceptively simple formula. The new mark retained the full name, Pet Milk Company, but emphasized only the word "PET" in keeping with the broadened product base of the diversified corporation. (Divisional names were retained as well.) Stylistically, the letters in the word combine impact with uniqueness, are modern and somewhat feminine in form. The color—a distinctive blue—when placed against a background of white, conveys a suggestion of purity. The main feature, of course, is uniformity of impact. Says Gordon Ellis, Pet's executive vice president: "We used to have so many different ways of printing those three little letters that none of them left an impression."

That was only the first step. L&M's staff prepared for Pet's management a thickly detailed Graphic Standards Manual. It contained precise dimensions of the logotype's design, standards for use in advertising, on letterheads, in signs and anywhere else. It even stipulated the amount of white space to form a minimum background, and how the divisional designations would be printed and positioned. Further, package labels were restyled to carry the distinctive mark, as well as to improve their over-all appearance.

By late 1963, the whole corporate identity program was ready to be kicked off. The results seemed to lift the spirits of every employee. Wrote President Gamble, in the company magazine: "When you consider the scope of the achievement, I am sure you will join me in an expression of thanks to those who have performed a very difficult service so well." A more profound thank-you came just the other day. Having now gone into the roadside store and snack-bar business, among other things—and increasingly assessing its long-range opportunities in foreign markets as well—Pet Milk called in L&M with a new assignment: expanding the identity program to accommodate Pet's wide-ranging future. "I think we'll get even more out of our association with L&M this time," Mr. Ellis says. "We're more sophisticated. And we know what they can do."

The story of *Eastern Air Lines'* turnaround is different too—and still in its earliest chapters. That Eastern *is* turning around, however, there can be no doubt. At the annual stockholders' meeting Mr. Hall released first-quarter results—and they were eye-opening. On a 25% gain

Why does an Eastern Stewardess wear a suit newly designed by Don Loper?
For the same reason our fleet has a sparkling new look.
EASTERN
EASTERN
EASTERN
EASTERN
EASTERN
EASTERN
Miami
EASTERN
Complete System Timetable effective June 1, 1965

in revenues over the first quarter of last year, earnings shot up from $139,000, or four cents per share, to $11,391,000, or $3.51 a share. In March alone, he said, Eastern netted over $5,000,000. Amid tumultous applause, Mr. Hall noted that the results for the quarter were "the first significant (net) profit for Eastern since 1959, and a cause for much encouragement."

The goals which Eastern's new management team set last year were clear in concept: safe, reliable and comfortable service, combined with industry leadership and a fair return on invested capital. But for the first time, Eastern started with a formalized corporate plan, soon known to the 20,000 employees as "Operation Bootstrap." Let Mr. Hall tell what happened:

"With little money to spend (indeed with an urgent need to reduce costs while at the same time increasing revenue) we had no choice but to literally grasp ourselves by our bootstraps to help us in a long leap forward. The results were surprising—even to those of us who have done this kind of job before. By the end of the year, we were able to begin planning to solve one of our most critical problems: the acquisition of sufficient jet airplanes to serve our vast route structure."

With the establishment of rigid cost controls, a far-reaching program of marketing research and an intensive marketing effort, a planned program of new equipment financing assumed top priority. The solution was typically imaginative. Part of the burden will be carried by internally generated funds, part from participation by one of Eastern's suppliers in a leasing arrangement, and the rest from a refinancing of maturing debt. Eastern lost no time in ordering new Boeing 727 and Douglas DC-8 and DC-9 "Whisperjets." As the up-to-date fleet comes on line beginning next year, Eastern, for the first time in the jet age, will be in a favorable cost position relative to competitive trunklines.

While attaining its new look on the landing strip, Eastern has been far from idle in implementing Goal No. 1—restoring good passenger service. Last year, it launched a vast program to revitalize its image all up and down the line, starting with a must: Mr. Hall got the planes running on time. Then, and perhaps equally as significant—and surely, the most exciting thing Eastern has done or plans to do—the company refashioned its identity. How? By calling in Lippincott & Margulies.

L&M Leaves its Mark: III—
Eastern's falcon whispers how much better an airline can be.

As before, L&M started by asking questions. On a back-breaking schedule, an in-depth study of air travelers' attitudes revealed: Eastern had a reputation for transportation innovations; the company was widely recognized as a major airline; but criticisms ranged from "poor on-time performance" to "not very pretty stewardesses." Eastern's image in the area of passenger services was badly in need of repair.

At full throttle, a corporate identity program got underway. Uniforms were restyled. Dining service aboard ship was given a dramatic change of menu—from the food itself, now prepared by restaurants like Chicago's Pump Room, Manhattan's Voisin and Masson's of New Orleans, to Rosenthal china and champagne brunch carts. Ticket offices were remodeled to convey the feeling of quiet competence in a relaxed atmosphere.

Giving point to all these improvements was the striking redesign of Eastern's corporate signature. Once more, L&M's staff sought to capture the new look in a disarmingly few, quick brush strokes and an easily read-and-remembered logotype. The craftsmen started with Eastern's time-honored symbol—a falcon in flight. Oddly, the bird had been changed often in the past, yet studies revealed that air travelers recognized it as Eastern's own. But this time, it had to identify a new and dynamic airline.

A variety of shapes and styles were created and tested before L&M and Eastern agreed on the new falcon. Soaring through an oval-shaped sky of Ionosphere blue (a highly distinctive shade) the new falcon is utterly jet-lined in configuration, being simply two straight bars of white joined at an angle that suggests both speed and grace in flight. Together with the symbol, Eastern's new mark contains a one-word signature—"EASTERN"—in strong horizontal letters. The impression: solid competence and a forward-looking company.

L&M rigidly prescribed the manner in which it is reproduced. By far the most dramatic new look is on the livery itself. With the corporate signature over the forward cabin windows, two adjacent stripes (one of Ionosphere blue, the other of lighter Caribbean blue) run horizontally through the line of the windows, turning sharply up at the vertical fin. The visual effect is of a tastefully sleek and powerful air carrier. Eastern expects to have the entire fleet repainted by year-end.

"A new Eastern is emerging," the *Falcon* editor wrote recently. "It is an airline that is safe, reliable and competent; one that has good manners, quiet good taste . . . and substance. Our new corporate identity program is intended to communicate those qualities to the public." Visually, indeed, the new look of Eastern's Whisperjets fairly compels passengers—as the current advertising suggests—to "see how much better an airline can be."

Epilogue

There it is, in brief the story of three great comeback companies with designs on growth. Where can they go from here? The sky's the limit. But wherever they do go, they're bound to be noticed, for each has a new corporate identity which accurately and dramatically proclaims its dynamic corporate excellence.

Chrysler . . . Pet Milk . . . Eastern Air Lines . . . Three corporate turnarounds, to sum up, which themselves are causing heads to turn.

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